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Calendar No. 886

101ST CONGRESS
2d Session

SENATE

REPORT
101-480

AUTHORIZING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 1990 FOR THE DEPARTMENT OF DEFENSE, TO AUTHORIZE THE SECRETARY OF DEFENSE TO ACCEPT PROPERTY, SERVICES, AND SUPPLIES FOR USE BY THE ARMED FORCES OF THE UNITED STATES, TO PROVIDE CERTAIN BENEFITS FOR MEMBERS OF THE ARMED FORCES PERFORMING SERVICE IN CONNECTION WITH OPERATION DESERT SHIELD, AND FOR OTHER PURPOSES

SEPTEMBER 28 (legislative day, SEPTEMBER 10), 1990.—Ordered to be printed

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Mr. NUNN, from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 3144]

The Committee on Armed Services reports favorably an original bill to authorize supplemental appropriations for fiscal year 1990 for the Department of Defense, to authorize the Secretary of Defense to accept property, services, and supplies for use by the armed forces of the United States, to provide certain benefits for members of the armed forces performing service in connection with Operation Desert Shield, and for other purposes, and recommends that the bill do pass.

PURPOSE OF THE BILL

This bill would:

(1) authorize supplemental appropriations for operation and maintenance and for military personnel to cover unanticipated costs incurred by the Department of Defense as a result of Operation Desert Shield;

(2) authorize personnel benefits for persons deployed to or called to active duty in connection with Operation Desert Shield;

(3) revise and clarify the authority of the Department of Defense to accept gifts of funds and property for defense purposes, and authorize the use of such gifts in support of Operation Desert Shield;

S203-3

(4) revise and clarify the authority of the Department of Defense to accept and use property, supplies, and services from host nations;

(5) authorize the Department of Defense to enter into cross-servicing agreements with other countries for reciprocal logistic support without geographic restrictions.

(6) authorize the Department of Defense to increase the threshold for simplified small purchase procedures from $25,000 to $100,000 for procurements outside the United States in support of Operation Desert Shield.

COMMITTEE PROCEEDINGS

The committee held an open hearing on Operation Desert Shield and the situation in the Persian Gulf on September 11, 1990, at which time it received testimony from Secretary of Defense Richard B. Cheney and General Colin Powell, Chairman of the Joint Chiefs of Staff. On September 13, 1990 the committee received a classified briefing from Under Secretary of Defense Paul Wolfowitz, and received testimony in open session from Department of Defense General Counsel Terrence O'Donnell. At these hearings, Administration witnesses discussed the additional funding required to support Operation Desert Shield, as well as proposals for legislative action.

A number of bills relevant to Operation Desert Shield have been referred to the Committee on Armed Services, including: S. 3025 and 3026 introduced by Senator Glenn (for himself and Senators McCain and Boren), proposing certain personnel benefits; and S. 3087, introduced by Senator Nunn (for himself and Senators Byrd, Warner, Hatfield, and Exon), revising the authority of the Department of Defense to accept and use gifts of money and property. In addition, the General Counsel of the Department of Defense, on September 24, 1990, forwarded to the Senate a proposed supplemental authorization bill for fiscal year 1990, which was referred to the Committee. These matters were considered during the Committee's markup sessions on September 25 and September 27, 1990, and are reflected in the specific provisions of this bill.

TITLE I—SUPPLEMENTAL AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1990

On August 2, 1990, Iraq invaded and occupied Kuwait and threatened other nations of the Persian Gulf region. The ensuing crisis has resulted in the largest deployment of United States military forces since the Vietnam War. There are currently over 150,000 United States military personnel deployed in the Persian Gulf region as part of Operation Desert Shield. President Bush has also exercised his authority under section 673b of title 10, United States Code, to order up to 48,800 members of the National Guard and Reserve to active duty to support this deployment.

With the crisis coming in the last months of fiscal year 1990, the Defense Department has been unable to absorb the sudden and unexpected costs of Operation Desert Shield within the funds authorized and appropriated for fiscal year 1990. DoD currently estimates

the additional fiscal year 1990 costs of the operation will be $2,217.5 million.

The Defense Department has indicated that $652.0 million of the total added cost of Operation Desert Shield for fiscal year 1990 will be accommodated through the reprogramming and realignment of funds from lower priority activities. The committee is prepared to review these reprogrammings in accordance with current reprogramming procedures on an expedited basis.

To meet the balance of the fiscal year 1990 cost of Operation Desert Shield, DoD has requested $1,888.5 million in new budget authority and the authority to transfer $175.0 million from unobligated fund balances.

Section 114(a) of title 10, United States Code, provides that "No funds may be appropriated for the use of any armed force * * * unless funds therefore have been specifically authorized by law." Title I of the committee bill authorizes the full amount requested by the Defense Department to meet the added cost of Operation Desert Shield in fiscal year 1990.

Section 101 authorizes additional appropriations of $1,327.7 million for the operation and maintenance accounts and $300 million for the Defense Stock Fund in fiscal year 1990. These additional funds are required to pay the cost of deployment; transportion; equipment maintenance; in-theater support; reserve component activation; special clothing and equipment; and fuel associated with Operation Desert Shield.

Section 102 authorizes additional appropriations of $260.8 million for military personnel in fiscal year 1990. This is the full amount requested by DoD to pay the added military personnel costs associated with Operation Desert Shield, including the costs of the reserve call-up.

Section 103 authorizes the transfer of $75.0 million from Army ammunition procurement programs to Operation and Maintenance, Army, and $100 million from the National Defense Stockpile Transaction Fund to the Defense Stock Fund, to pay the costs of Operation Desert Shield.

The supplelmental authorizations in this bill will be used for expenses incurred by the Department of Defense under the Feed and Forage Act (41 U.S.C. 11) and the related provisions in section 2201 of title 10, United States Code. Section 104 of the bill makes it clear that the funds authorized to be appropriated by the supplemental authorizations may be used only to pay for obligations incurred under those two statutes.

TITLE II—MILITARY PERSONNEL BENEFITS

The committee recommends a number of provisions to provide supplemental benefits for military personnel deployed in Operation Desert Shield. The committee makes these recommendations in recognition of the arduous nature of the deployment, and to provide equity in the treatment of certain elements of compensation for reserve personnel called up for the deployment.

Each of the sections in this title provides discretion to initiate, terminate, and establish the conditions of eligibility for these benefits. It is the Committee's intent that the guiding principle should

be fairness in light of the unique circumstances of Operation Desert Shield. The Secretary of Defense should monitor developments in and around Saudi Arabia in order to express his discretion as circumstances may warrant.

Mailing Privileges of Members of the Armed Forces

The committee recommends a provision (Sec. 201) that would permit the President to authorize free postal services for military personnel deployed in Operation Desert Shield during fiscal years 1990 and 1991.

The committee believes this provision relieves postal service problems, especially with regard to the purchase of stamps, that are being experienced by military personnel deployed in Operation Desert Shield.

The committee urges the Secretary of Defense to expedite arrangements (including augmentation of postal units with temporary duty or reserve personnel) to handle the increased volume of mail to and from the Operation Desert Shield theater and to ensure that other military postal operations are not degraded in the process.

Savings Program for Overseas Personnel

The committee recommends a provision (Sec. 202) that would permit the President to authorize military personnel deployed in Operation Desert Shield during fiscal year 1991 to be eligible for a savings program to be implemented by the Secretary of Defense.

This provision provides a simple, direct method for military personnel to set aside savings of up to $10,000 per year at an interest rate not to exceed 10 percent per year. The committee believes this authority is appropriate because personnel rapidly deployed under the circumstances, especially single members, are not in a position to make appropriate financial arrangements.

Special Pay Relating to Imminent Danger

The committee recommends a provision (Sec. 203) that would permit the Secretary of Defense to authorize military personnel deployed in Operation Desert Shield since August 1, 1990 to be eligible for imminent danger pay.

The committee notes that current locations designated in the Department of Defense Pay Manual for imminent danger pay include Kuwait, Liberia, the Philippines, Laos, Afghanistan, Peru, Colombia, El Salvador, Lebanon, Iran, Cambodia, and Vietnam. The committee believes that personnel deployed in Operation Desert Shield are exposed to imminent danger on the same basis as military personnel who may be serving at some of these locations.

The committee urges the Secretary of Defense to monitor the conditions at locations designated for imminent danger pay and to make appropriate adjustments as conditions warrant.

Payments for Unused Accrued Leave

The committee recommends a provision (Sec. 204) that would exempt reserve personnel ordered to active duty in support of Operation Desert Shield from the limitation that a member may not

be reimbursed for unused accrued leave in excess of 60 days per career.

The committee believes that this provision provides for equitable settlement of leave that will be accrued by reservists who are ordered to active duty in support of Operation Desert Shield and who would not otherwise be eligible for reimbursement of accrued leave.

Section 204 also contains a provision which ensures that personnel involved in Operation Desert Shield and similar deployments who cannot use leave will be able to accumulate a reasonable amount of leave for use in subsequent years.

Entitlement of Enlisted Personnel to Receive Basic Allowance for Subsistence

The committee recommends a provision (Sec. 205) that would require the Secretary of Defense to study and report to the Committees on Armed Services of the Senate and House of Representatives on options for reforming the basic allowance for subsistence (BAS) element of military compensation.

The committee has received a number of complaints from enlisted personnel deployed in Operation Desert Shield because they were required to forfeit their basic allowance for subsistence ($177.30 per month) when they were deployed. There appears to be a great deal of misunderstanding about the underlying purpose of the subsistence allowance.

Under current law, enlisted personnel who are not required to eat in military dining halls (most married personnel and a few single personnel assigned to locations where government meals are not available) are provided a basic allowance for subsistence (BAS). The government has historically taken the position that it has the responsibility to either feed enlisted personnel or to provide a cash substitute if food is not provided or enlisted personnel are authorized to eat at home. Under this logic, enlisted personnel who draw BAS lose their BAS when they are deployed on sea duty or field duty or when they are assigned to unaccompanied locations where government meals, including packaged field rations, are provided. In other words, they receive food or BAS, but not both.

All officers (married and single), on the other hand, are entitled to BAS of $123.92 per month at all times. The government has historically taken the position that officers have the responsibility to arrange for their own subsistence. Therefore, they must always pay for any government furnished meals, including packaged field rations, regardless of where they are deployed or assigned.

Because the "food or money" aspect of BAS is lost when basic pay and allowances are combined in a single paycheck, many personnel perceive a loss in compensation when they receive food instead of money.

The committee believes that BAS is an anachronistic allowance that has grown to become an indistinguishable part of the pay envelope for those who are not required to eat in military dining halls (most married members and all officers). The amounts authorized no longer relate to the cost of feeding as the difference in the enlisted and officer allowances indicate. This leads to the kind of misunderstandings that have arisen from time to time, most recently in Operation Desert Shield.

Given this background, the committee's recommendation requires the Secretary of Defense to carefully examine the BAS entitlement and propose options for the Congress to consider to make it a more understandable and functional part of the compensation of military personnel.

The committee notes that enlisted personnel who have forfeited their BAS ($177.30 per month) because of their deployment in Operation Desert Shield are currently paid a family separation allowance ($60.00 per month) and foreign duty pay ($13.00 per month). Section 203 of this bill would entitle these personnel to imminent danger pay ($110.00 per month), effective from the initial date of the operation. The result of section 203 of this bill would be to increase the sum of deployment entitlements to $183.00 per month, a net increase of $5.70 per month in the pay envelope for deployed members affected by the BAS offset.

TITLE III—MANAGEMENT IMPROVEMENTS

Simplified Small Purchase Procedures

Operation Desert Shield has involved the rapid deployment of United States armed forces over great distances under arduous conditions. In such circumstances, it is necessary to make numerous purchases of supplies and services with a minimum of administrative paperwork. Although simplified procurement procedures currently are authorized for purchases of $25,000 or less under 10 U.S.C. 2304(g)(2), the Department of Defense has advised the committee that the current threshold is too low to meet the needs of the armed forces in Operation Desert Shield. DoD has requested an increase in the threshold to $100,000.

Section 301 would permit use of simplified procurement procedures for purchases of $100,000 or less made outside the United States in support of Operation Desert Shield during fiscal years 1990 and 1991. This time period will provide the Department with the flexibility it needs for current and anticipated operations, while permitting the Congress to review the implementation of this provision before deciding whether it will be needed beyond fiscal year 1991. The committee expects the Secretary of Defense to issue regulations to ensure that this authority is limited to situations directly related to support of Operation Desert Shield where the exigent circumstances preclude the use of regular procurement procedures.

Acceptance of contributions for defense programs, projects, and activities

The world community has generally joined in the condemnation of the actions of Iraq, and numerous nations are participating in the multinational force that is being assembled in connection with Operation Desert Shield. The United States, however, has borne the primary responsibility for the deployment and support of military forces in this operation. This has raised many questions about the degree of financial support expected from other nations.

In testimony before the committee, Secretary of Defense Cheney stated that he expected the incremental cost of Operation Desert Shield to the United States in fiscal year 1991, in the absence of hostilities, would be $15 billion on an annual basis. He also testi-

fied that the Administration was hopeful that about one half of that cost could be paid for through donations by foreign nations.

The committee believes that such contributions are appropriate in light of the impact of the Iraqi agression on the world community. The committee notes, however, that a contribution of half the anticipated incremental cost of the operation for next year—over $7 billion—would represent a degree of foreign financial participation in a United States military operation unprecedented in modern times. While such contributions must be encouraged, it is essential that the funds be collected, managed, and accounted for through established financial procedures.

Secretary Cheney testified that the Administration planned to process contributions from foreign nations through the National Defense Conditional Gift Fund established under chapter 26 of title 50, United States Code. Chapter 26 permits the Secretary of the Treasury to accept monetary contributions, and the Administrator of General Services to accept contributions of other property, "to further the defense effort of the United States." Donated funds are deposited into the Treasury. The Secretary of the Treasury has broad discretion to place the money "in such of the various appropriation accounts as * * * will best effectuate the intent of the donors." Once the money is placed in a broad category, such as "research and development," "personnel," or "operation and maintenance," it may be spent for purposes selected by the Department of Defense without any authorization or appropriation by Congress. The Department has proposed to revise this authority to permit DoD to direclty allocate funds and use contributions without involving other federal agencies.

The legislative history of chapter 26, which was enacted in 1954, makes it clear that this authority was not intended to fund a massive overseas military activity, such as Operation Desert Shield. The purpose of the statute, as explained in the legislative history, was to permit citizens motivated by "patriotic feeling" to make donations "to support the defense effort." The legislative history notes that "the aggregate amounts of money likely to be received from these sources are relatively small." Experience under the statute bears out the expectations of Congress. In recent years, for example, the balance in the Gift Fund has not exceeded $300,000. Since July 1987, there have been only three disbursements, totalling less than $90,000, all of which have been for the Uniformed Services University of the Health Sciences.

Use of the authority in chapter 26 to channel foreign contributions into military operations would provide the Executive Branch of government with the authority to both raise funds and conduct military operations. Such combined authority would be in direct conflict with the intent of the Framers of the Constitution, who, in the words of George Mason, determined that "the purse and the sword ought never to get into the same hands, whether legislative or executive."

The committee believes that it is important to clarify the gift statute in a manner than assures accountability. Section 302 of the bill establishes a new provision of law, section 2608 of title 10, United States Code, to establish procedures for accepting, process-

ing, and using contributions of money and property, including contributions from foreign countries.

Section 302 would authorize the Secretary of Defense to accept contributions of money or property from any person, foreign government, or international organization. Any money received, along with proceeds from the sale of any property received, would be placed in the Defense Cooperation Account in the Treasury. Money in the Defense Cooperation Account would be available to the Department of Defense in accordance with standard Congressional authorization and appropriation procedures. Property received by the Department could be used without further authorization by Congress. The Department would be required to submit periodic reports on the property received in order to permit Congressional assessment of the effect, if any, on current and anticipated funding needs for the Department of Defense.

Use of Funds in the Defense Cooperation Account

Secretary Cheney has testified that the current estimated incremental costs of Operation Desert Shield, in the absence of hostilities, would be $15 billion in fiscal year 1991. Consistent with this testimony, the Committee recommends that from the amounts contributed to the Defense Cooperation Account, not more than $15 billion may be appropriated for use in connection with Operation Desert Shield. This amount will be sufficient to justify continued contributions from cooperative foreign nations to meet anticipated costs.

Funds made available under this provision, however, may be used only for military personnel, operation and maintenance, working capital funds, and procurement. These funds may be used only for programs, projects, and activities that are directly involved in Operation Desert Shield. It is the Committee's intent that these funds be used only for requirements generated by Operation Desert Shield, such as incremental personnel costs and the costs of clothing, medical supplies, subsistence, fuel, transportation, spare and repair parts, ammunition, and similar supplies and equipment.

Except as otherwise provided in appropriation Acts, funds made available under this section will be credited to accounts otherwise established by law. Such funds will be available only for the same purposes as those accounts, and may not be used to provide funds for an item that has been denied authorization by Congress.

Section 303 also would authorize the appropriation of $300,000 from the Defense Cooperation Account for other DoD programs, projects and activities. This provides more than ample authority for disbursement of funds currently in the account, as well as any contributions likely to be received from traditional sources.

Mutual Defense Agreements

Section 304 codifies the authority of the Department of Defense to accept real property, services, and commodities from foreign countries in accordance with mutual defense agreements of occupational arrangements. This provision clarifies this current authority for host national support and conforms accounting provisions to the requirements established in section 302 of the bill for the revised gift statute.

Reciprocal Logistic Support

Section 2342 of title 10, United States Code, authorizes the Secretary of Defense to conclude cross-servicing agreements with NATO member countries, NATO subsidiary bodies, and such non-NATO countries as the Secretary may designate. These agreements set out the terms by which the parties furnish logistic support, supplies, and services to each other's military forces.

The authority provided by section 2342 is helpful in enhancing international military cooperation and in avoiding costly duplication of logistic services. However, it is subject to geographic limitations that diminish its usefulness. For example, cross-servicing agreements with NATO member countries and NATO subsidiary bodies may only provide for reciprocal support of United States and foreign forces that are actually deployed in Europe and adjacent waters. Therefore, the benefits of this support cannot be realized when forces of the United States and a NATO ally jointly participate in exercises or other deployments in an area outside of Europe, such as the Middle East.

To maximize the benefits of cross-servicing agreements, the Administration has requested and the committee recommends a provision (sec. 305) that would delete the geographic restrictions of section 2342. In this way, the committee hopes to encourage other nations to expand their military cooperation with the United States in Operation Desert Shield.

DEPARTMENTAL RECOMMENDATION

On September 24, 1990, the General Counsel of the Department of Defense forwarded to the President of the Senate the following letter proposing legislation "To authorize urgent supplemental appropriations for fiscal year 1990 for the Department of Defense, and for other purposes."

GENERAL COUNSEL OF THE
DEPARTMENT OF DEFENSE,
Washington, DC, September 24, 1990.

HON. DAN QUAYLE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: There is forwarded herewith legislation, "To authorize urgent supplemental appropriations for fiscal year 1990 for the Department of Defense, and for other purposes."

This legislative proposal is part of the Department of Defense legislative program for the 101st Congress and is needed to provide supplemental authorization for costs incurred in connection with Operation Desert Shield and to provide additional authority to the Department of Defense in connection with that Operation. The Office of Management and Budget advises that there is no objection to the presentation of this proposal to the Congress and that its enactment would be in accord with the program of the President.

Title I contains the authorization for additional Operation and Maintenance Costs in amounts equal to the amounts requested for

supplemental appropriation for operation and maintenance of the Department for Fiscal Year 1990.

Title II consists of three general provisions. Section 201 adds a provision to title 10, United States Code authorizing the Secretary of Defense to accept gifts and services for Department of Defense programs, projects, and activities. It repeals the provisions of the Public Law 83–537 pertaining to acceptance of conditional gifts for the Department of Defense. Section 202 authorizes the Secretary of Defense to enter into agreements for the reciprocal provision of logistics support, supplies, and services. Section 203 authorizes the use of simplified small purchase procedures in areas outside of the United States to make purchases or award contracts in amounts not to exceed $100,000 in support of Operation Desert Shield or other operations to deal with the threat caused by the invasion of Kuwait by Iraq.

Enactment of this legislation is of great importance to the Department of Defense and the Department urges its speedy and favorable consideration.

Sincerely,

TERRENCE O'DONNELL.

A BILL To authorize urgent supplemental appropriations for fiscal year 1990 for the Department of Defense, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, That this Act may be cited as the "Operation DESERT SHIELD Urgent Department of Defense Supplemental Authorization Act, 1990".

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. OPERATION AND MAINTENANCE FUNDING.

In addition to funds previously authorized to be appropriated for fiscal year 1990 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense, for expenses, not otherwise provided for, for operation and maintenance, there are hereby authorized to be appropriated, in amounts as follows:

For the Army, $643,963,000 and, in addition, $75,037,000 to be derived by transfer from the appropriation "Procurement of Ammunition, Army, 1988/1990".

For the Navy, $279,400,000.

For the Marine Corps, $47,300,000.

For the Air Force, $320,300,000.

For the Defense Agencies, $18,200,000.

For the Air Force Reserve, $12,300,000.

For the Air National Guard, $6,200,000.

SEC. 102. DEFENSE STOCK FUND.

In addition to funds previously authorized to be appropriated for fiscal year 1990, $300,000,000 is hereby authorized to be appropriated for fiscal year 1990 for providing capital for the Defense Stock Fund and, in addition, $100,000,000 is authorized to be derived by transfer from the "National Defense Stockpile Transaction Fund" and $100,000,000 of the amount required to be obligated during

fiscal year 1990 by section 3303(a) of the National Defense Authorization Act for Fiscal Years 1990 and 1991 need not be obligated.

TITLE II—GENERAL PROVISIONS

SEC. 201. ACCEPTANCE OF GIFTS AND SERVICES FOR DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES

(a) AUTHORITY TO ACCEPT GIFTS.—(1) Chapter 155 of title 10, United States Code, is amended by adding the following new section at the end thereof:

"§ 2607. Acceptance of gifts and services for defense programs, projects and activities

"(a) ACCEPTANCE AUTHORITY.—The Secretary of Defense may accept or reject any gift of money, services, personal or real property, or the use thereof, from any person, foreign country, or international organization for use by the Department of Defense.

"(b) ESTABLISHMENT OF NATIONAL DEFENSE GIFT FUND.—There is established on the books of the Treasury, a fund to be known as the "National Defense Gift Fund". Gifts of money and the proceeds of the sale of property, received under subsection (a) shall be deposited in the fund. The Secretary, with the approval of OMB, shall from time to time transfer amounts credited to such trust fund to appropriation accounts available to the Department of Defense. Such funds shall be merged with and shall be available for the same purposes and the same time period as the appropriation to which credited. All funds received under this section shall not, before or after transfer from the fund, be subject to reduction under any other provision of law.

"(c) USES OF PROPERTY.—Any gift of property received under this section may be retained and used by the Department of Defense in the form in which it was donated or it may be sold or otherwise disposed of upon such terms and conditions, and in accordance with such procedures, as the Secretary determines appropriate or such property may be converted into a form in which it will be useable by the Department.

"(d) ITEMS INCLUDED AS GIFTS.—In this section, the term "gift" includes a devise of real property or a bequest of personal property.

"(e) REGULATIONS.—The Secretary of Defense shall prescribe regulations to carry out this section.".

(2) The table of sections of such chapter is amended by inserting at the end thereof the following new item:

"§ 2607. Acceptance of gifts and services for defense programs, projects, and activities.".

(b) CONFORMING REPEAL.—The Act of July 27, 1954 (68 Stat. 566; 50 U.S.C. 1151–56) is repealed.

SEC. 202. ACCEPTANCE OF RECIPROCAL SUPPORT.

For the purposes of facilitating operations the Secretary of Defense may enter into agreements with foreign countries for reciprocal provision of logistics support, supplies and services.

SEC. 203. USE OF SIMPLIFIED SMALL PURCHASE PROCEDURES.

Notwithstanding the $25,000 limitation set forth in section 2304(g)(2) of title 10, United States Code, in areas outside the

United States, the Department of Defense may use the simplified small purchase procedures established pursuant to section 2304(g)(1) of title 10, United States Code, to make purchases or award contracts in amounts not to exceed $100,000 in support of Operation Desert Shield or other operations to deal with the threat caused by the invasion of Kuwait by Iraq.

COMMITTEE ACTION

In accordance with the Legislative Reorganization Act of 1946, as amended by the Legislative Reorganization Act of 1970, there is set forth below the committee vote to report a bill to authorize supplemental appropriations for fiscal year 1990 for the Department of Defense, to authorize the Secretary of Defense to accept property, services, and supplies for use by the armed forces of the United States, to provide certain benefits for members of the armed forces performing service in connection with Operation Desert Shield, and for other purposes.

In favor: Senators Nunn, Exon, Levin, Kennedy, Bingaman, Dixon, Glenn, Gore, Wirth, Shelby, Byrd, Warner, Thurmond, Cohen, Wilson, McCain, Wallop, Gorton, Lott, and Coats.

Opposed: None.

Vote: 20–0.

The other roll call votes on amendments to the bill which were considered during the course of the mark-up have been made public and are available at the committee.

FISCAL DATA

Section 252 of the Legislative Reorganization Act of 1970 requires that the report accompanying each bill reported by a Senate committee contain certain information on five-year cost projections.

The letter received in compliance with this statutory requirement is shown below. The bill, by its terms, applies to annual authorizations for fiscal years 1990 and 1991 and does not, within its own terms, generate costs beyond fiscal year 1991, even though funds authorized to be obligated by this act may not be expended for several years in the future. The fiscal year authorizations herein provided are reviewed annually by the committee and the Congress.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 28, 1990.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate on S. 3087, the Department of Defense Supplemental Authorization Act for Fiscal Year 1990, as ordered reported by the Senate Committee on Armed Services on September 27, 1990.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

SEPTEMBER 28, 1990.

1. Bill number: S. 3087.

2. Bill title: Department of Defense Supplemental Authorization Act for Fiscal Year 1990.

3. Bill status: As ordered reported by the Senate Committee on Armed Services on September 27, 1990.

4. Bill purpose: The bill would authorize supplemental appropriations for fiscal year 1990 for the Department of Defense, the Secretary of Defense to accept property, services, and supplies for use by the Armed Forces of the United States, certain benefits for members of the Armed Forces performing service in connection with Operation Desert Shield, and other activities.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1990	1991	1992	1993	1994	1995
DIRECT SPENDING						
Savings Program:						
Estimated Budget Authority	0	61	19	0	0	0
Estimated Outlays	0	40	40	0	0	0
AUTHORIZATIONS OF APPROPRIATIONS						
Operation and Maintenance:						
Authorization Level	1,328	0	0	0	0	0
Estimated Outlays	1,032	231	108	18	0	0
Defense Stock Fund:						
Authorization Level	300	0	0	0	0	0
Estimated Outlays	117	99	48	21	12	0
Military Personnel:						
Authorization Level	261	23	0	0	0	0
Estimated Outlays	248	35	1	0	0	0
Transfer of Authorizations:						
Authorization Level	0	0	0	0	0	0
Estimated Outlays	0	−28	35	−9	10	−4
Contributions Account:						
Authorization Level	15,300	0	0	0	0	0
Estimated Outlays	0	0	0	0	0	0
Total:						
Budget Authority/Auth	17,188	84	19	0	0	0
Estimated Outlays	1,396	377	231	30	22	−4

Basis for Estimate: All estimates assume that funds will be appropriated for the full amount of the authorization. Outlays are estimated based on historical outlay rates. Finally, this estimate assumes a one-year deployment of 210,000 personnel under Operation Desert Shield, with one rotation after six months.

Direct Spending: Section 202 of the bill would allow personnel serving overseas as part of Operation Desert Shield to participate

in an overseas savings program. Under this program, servicemembers on permanent duty assignments outside the United States may contribute a portion of their compensation into an account which is then deposited in the Treasury. The maximum amount which can be deposited is $10,000 by each servicemember, and interest is to be paid at a rate prescribed by the President of up to 10 percent per year. This program exists under the provisions of current law, subject to the authority of the secretaries of the military services to determine when it may be called into effect. However, this bill would allow the Secretary of Defense to expand the program to include personnel deployed under Operation Desert Shield, who would not normally be included because their participation is not a permanent duty assignment. This estimate assumes that servicemembers with dependents save 5 percent of their pay while they are deployed, while single servicemembers save half of their pay. Thus, the overall average amount saved per person would be $3,400. Interest accrues during the six months individuals are deployed, plus an additional three months. Under these assumptions, total interest costs related to deploying 210,000 people during 1991 would be $61 million in 1991 and an additional $19 million in 1992.

Authorizations of Appropriations: Title I authorizes appropriations for expenses already incurred by the Defense Department that require liquidating appropriations. The expenses fall under the Operation and Maintenance, Defense Stock Fund, and Military Personnel accounts in 1990.

Section 103 would allow the transfer of as much as $100 million of unobligated balances from the National Defense Stockpile Transaction Fund to the Defense Stock Fund. The section also requires that obligations of the Stockpile Transaction Fund be reduced by the amount that is transferred. The estimate assumes that the entire amount is transferred during fiscal year 1991 and that this amount will be withheld from obligation from the Stockpile Transaction Fund's fiscal year 1991 allocation. This section also authorizes $75 million to be transferred from Army Ammunition Procurement to Army Operation and Maintenance.

Title II of the bill authorizes appropriations for additional benefits for military personnel in 1991. Section 201 of the bill would allow free mailing privileges to be extended to members of the Armed Forces while engaged in temporary military operations under arduous circumstances. CBO estimates that this provision would cost the federal government $6 million to $8 million in fiscal year 1991. This estimate assumes that the privileges would be extended to about 210,000 members of the Armed Forces, and that they would each mail 8 to 12 letters a month. CBO's estimate also assumes that the price of first-class postage would increase from 25 cents to 30 cents in February 1991. (Military personnel overseas pay only the domestic mail rates.) In addition, this estimate is for a full fiscal year. Costs could vary, depending on the length of the current military operations in Saudi Arabia.

Section 203 of the bill establishes eligibility of Desert Shield personnel for Imminent Danger Pay of $110 per month as of August 1, 1990. The authority of the Secretary of Defense to make such payments exists under the provisions of current law, and he an-

nounced his decision to exercise this authority for Desert Shield personnel on September 19, 1990. Thus, the effect of this provision would be to permit payment for personnel deployed during the month of August, at an additional cost of $5 million if the Secretary chose to exercise his authority to do so.

Section 206 requires the Secretary of Defense to prepare a report to the Committees on Armed Service and Appropriations addressing various issues relating to the Basic Allowance for Subsistence by February 15, 1991. The preparation of this report would not result in any added costs to the government because it would be accomplished using existing resources.

Finally, section 205 of this bill would allow reservists to be compensated for excess leave accumulated as a result of Desert Shield deployment. Under current law, personnel can only be compensated for a maximum of 60 days of unused leave. Thus, personnel who have already accrued this maximum amount would be unable to be compensated for any additional amounts accumulated. The Department of Defense estimates that approximately 10 percent of reservists are at the maximum and would not be eligible to be compensated for the additional 15 days of leave earned during a 6-month deployment for Desert Shield. Assuming an annual pay rate of $37,000, the cost of exempting these individuals from the current limitation and compensating them for 15 days of leave would be $15 million in 1991.

Title III would simplify certain purchase procedures and define other procedures for accepting and using contributions of money and/or property for use by the Defense Department. The simplified purchase procedures would have an insignificant budget impact while the provisions related to contributions could have little impact or a major budget impact depending on what budget baseline is used. The House and Senate budget resolutions for 1991 and the CBO baseline do not anticipate large contributions to the DoD. On the basis of budget resolution and baseline assumptions, this bill's provision authorizing the appropriation of $15.3 billion from contributions collected in the Treasury would have no budget impact. However, if sufficiently large contributions to the United States occur and the summit negotiators on the 1991 budget assume such balances to occur, then this bill's provision could cause 1991 outlays totalling about $11.6 billion.

6. Estimated cost to state and local government: None.

7. Estimate comparison: None.

8. Previous CBO cost estimate: None.

9. Estimate prepared by: Eugene Bryton, Barbara Hollinshead, Amy L. Plapp, and Mitchell Rosenfeld.

10. Estimate approved by: C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

REGULATORY IMPACT

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires that a report on the regulatory impact of a bill be included in the report on the bill. The committee finds that there is no regulatory impact in the case of the bill reported by the committee.

CHANGES IN EXISTING LAW

Pursuant to the provisions of paragraph 12 of rule XXVI of the Standing Rules of the Senate, the changes in existing law made by certain portions of the bill have not been shown in this section of the report because, in the opinion of the committee, it is necessary to dispense with showing such changes in order to expedite the business of the Senate and reduce the expenditure of funds.

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